

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR:

The Government of the Cooperative Republic of Guyana (GOG)

EXECUTING AGENCY:

Ministry of Public Works and Communications (MPW&C)

AMOUNT AND SOURCE:

Total	Policy Component	Investment Component	Technical Coop. Component
IDB: US\$30.0 million	(FSO)20.2 m	7.5 m	2.3 m
GOG US\$ 1.5 million		1.4 m	0.1 m
Total: US\$31.5 million	20.2 m	8.9 m	2.4 m

FINANCIAL TERMS AND CONDITIONS:

Amortization period: 40 years
Grace period: 10 years
Disbursement period: 4 years
Interest rate: 1 % during grace period
2% thereafter
Inspection & Supervision: 1%
Credit fee: 0.5%

OBJECTIVES:

The objective of this Program is to raise the standards of air transport operations, safety procedures, and affiliated services to internationally acceptable levels. This will require a thorough review of the statutory, regulatory and institutional framework of the sector; significant investments; and private sector participation in operating air transport facilities and services.

DESCRIPTION:

The Program has three components:

- a Policy Component with elements tied to the adoption of a sectoral policy, regulatory and institutional reforms, and the introduction of private ownership and operation of the previously state-owned airline and some airport facilities
- an Investment Component to provide funding for improvements at the Cheddi Jagan International Airport (CJIA); and
- a Technical Cooperation Component to finance the hiring of experts to help monitor the Program, develop and staff the Guyana Civil Aviation Authority (GCAA) and the CJIA corporation, and develop concessions for the airports.

ENVIRONMENTAL

The CESI noted that all investments in airport facilities will be

**AND SOCIAL
REVIEW:**

accompanied by environmental assessments, and that the Executing Agency will hire a consultant with Project funds to monitor the application of mitigation measures.

RISKS:

The Program requires actions that are significant to Government policy . The political debate will attract the attention of many affected interests.

Guyana suffers from a scarcity of professionals with experience in air transport, and there is always the uncertainty whether skilled and seasoned personnel can be attracted despite higher salaries. The Technical Cooperation Component is designed to reduce this risk.

The Guyanese authorities have been intimately involved in the development of this Program. This interest must be maintained through implementation phases.

**RELATIONSHIP OF
PROJECT IN BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy, as reflected in the 1998 Country Paper, emphasizes the rehabilitation of transport infrastructure. The Program would improve the efficiency of air transport in Guyana, reducing costs and improving the service available to the country.

Specifically, the Program incorporates the following strategic elements: (i) reformed institutional and statutory framework for air transport; (ii) increased private sector participation in air transport through the privatization of Guyana Airways Corporation, the corporatization of CJIA, and the leasing of Ogle Airport; and (iii) rehabilitation of the Guyanese air transport system to international standards of service and safety.

**POVERTY AND
SOCIAL ASPECTS:**

Not applicable.

**EXCEPTIONS TO
BANK POLICY**

None

**SPECIAL
CONTRACTUAL
CONDITIONS:**

A Policy Matrix, included as Annex 1 to this document, governs the conditions for the disbursement of each tranche of the Policy Component.

Disbursement of funds from the Investment Component will depend upon agreement with the Bank on designs, environmental assessment, and specifications. With the exception of US\$500,000 for approach lights at CJIA, disbursements from this Component

will also require creation and staffing of the CJIA Corporation.

Disbursement of funds from the Technical Cooperation Component will be dependent upon agreement with the Bank on specific terms of reference and costs, and the signature of an agreement between the Ministries of Finance and Public Works and Communications by means of which responsibility for this Component is given to the latter without the need for further requests for the transfer of funds.

**ACQUISITION OF
GOODS AND
SERVICES:**

The threshold above which procurement will be subject to international competitive bidding is US\$250,000 for goods and services, US\$1,000,000 for civil works, and US\$200,000 for consulting services.

The Borrower has requested permission to hire the following firms to continue their work:

- Infrastructure Management Group, Inc. for negotiating the concession contract for Ogle Airport; and
- Transport Canada for the organization of the Cheddi Jagan International Airport Authority.

Bank management recommends that a waiver of international competitive bidding be granted for these services (see ¶**Error! Reference source not found.**).